

Decision 06-06-030 June 15, 2006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Central Coast Shuttle Services, Inc. for authority to increase rates between points in Santa Maria, Buellton, Santa Barbara and Ventura and the Los Angeles International Airport (LAX) and to establish a Zone of Rate Freedom.

Application 05-05-020
(Filed May 23, 2005)

O P I N I O N

Summary

This decision grants the application of Central Coast Shuttle Services, Inc. (Applicant), a corporation, to increase its fares, pursuant to Pub. Util. Code § 454. The authorized fare increases range between 3% and 12%.

Discussion

Applicant is authorized, pursuant to Decision (D.) 00-04-006, to operate as a passenger stage corporation (PSC) to transport passengers and their baggage on a scheduled basis between Santa Maria and Buellton, on the one hand, and Los Angeles International Airport (LAX), on the other hand. D.01-03-053 authorized Applicant to expand its service to include the pick up and drop off of passengers on an on-call basis at Santa Barbara and Ventura in conjunction with its scheduled service to LAX.

D.01-03-053 also authorized Applicant to establish a zone of rate freedom (ZORF), pursuant to Pub. Util. Code § 454.2, of \$10 above and below its then existing fares for the Santa Maria/Buellton service and its newly established fares for the Santa Barbara/Ventura service. After operating under the ZORF for

five years, most of Applicant's fares have been adjusted upward to the maximum level allowed under that authority. The application, as amended by letter dated May 15, 2006, requests approval to increase one-way fares 3% to 12% above current fares.¹ The following proposed new fares for service to and from LAX will become Applicant's base fares for future ZORF fare adjustments: Santa Maria/Buellton - \$67; Santa Barbara - \$45; Ventura - \$40.

Applicant cites "skyrocketing" fuel prices as the primary reason for its request to increase fares. Financial statements submitted with Applicant's May 15, 2006, letter show that fuel costs are about 20% of the operation's total costs. Comparing the period January-April 2006 with the same months in 2005 shows Applicant's fuel costs rising approximately 28%. Its operating ratio for the first four months of the year was 98.8%.

When we granted Applicant a ZORF in 2001, we found that it operated in a competitive market. It is undisputed that fuel prices have risen dramatically. There are no clear signs that they will drop significantly in the near future. Should they do so, however, we would expect market forces to cause Applicant to make appropriate fare adjustments under its ZORF. We will grant the relief requested.

In Resolution ALJ 176-3153 dated May 31, 2005, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protest has been received. Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3153.

¹ Applicant offers various discounts to these fares, such as for reserved, prepaid service and for additional passengers traveling together.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

Findings of Fact

1. Applicant is authorized to operate as a PSC between Santa Maria, Buellton, Santa Barbara, and Ventura, on the one hand, and LAX on the other hand.
2. D.01-03-053 authorized Applicant to establish a ZORF of \$10 above and below its fares.
3. Applicant's current base fares were established in 2000 and 2001.
4. Most of Applicant's fares have reached the maximum of its ZORF.
5. Applicant has experienced a significant increase in fuel costs.
6. Applicant requests to increase its base fares to the level of its current ZORF fares.
7. The proposed increases range between 3% and 12%.
8. The proposed fares are justified under Pub. Util. Code § 454.
9. No protest to the application has been filed.
10. A public hearing is not necessary.
11. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusions of Law

1. The application, as amended, should be granted.
2. Since the matter is uncontested, the decision should be effective on the date it is signed.

O R D E R

IT IS ORDERED that:

1. Central Coast Shuttle Services, Inc. (Applicant), a corporation, is authorized under Pub. Util. Code § 454 to establish the increased base fares shown in the application.
2. To implement the increases authorized in this order, Applicant shall, on or after the effective date of this order, file revised tariff pages in accordance with General Order 158-Series. The revised pages and the fares listed in them shall be made effective no earlier than 10 days after the date of filing.
3. Applicant is authorized to apply the zone of rate freedom authorized by Decision 01-03-053 to the new base fares.
4. The Application is granted as set forth above.
5. This proceeding is closed.

This order is effective today.

Dated June 15, 2006, at San Francisco, California.

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
Commissioners